Final Synopsis of the Ph.D. Thesis

Impact of Microfinance on Women Empowerment in Afghanistan

Thesis Submitted to the Mangalore University for the award of the Degree of Doctor of Philosophy in Business Administration

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August-2022

Table of Contents

Introduction 1

Significance of study 3

Research Questions 4

Objectives of Study 5

Research Hypothesis 5

Scope of study 7

Literature Review 7

Microfinance 8

Microfinance and Women Empowerment 9

Microfinance on Income Generation 10

Social and Economic Empowerment 12

Challenges of Microfinance 13

Research Gap 14

Research Methodology 15

Population and Sample Size 16

Data Processing and Statistical Tools 18

Chapters Scheme 19

Findings of the Study 20

Recommendation 24

Conclusion 26

Limitation 27

Scope for Further Researchs 28

Partial List of References 29

Introduction

Microfinance is a banking service that provides financial and non-financial services to low-income or unemployed people. The development of the microfinance concept is not a new phenomenon. Still, its popularity can be linked to the founding of the Grameen Bank by Nobel Laureate Dr. Muhammad Yunus. He popularized it by testing whether impoverished women in Bangladesh's Jobra area could repay their borrowed money (Akisimire et al., 2015). The microfinance initiative has improved perceptions of poor people in many countries. Some countries have created large credit flows, primarily to communities and households with little income, whom traditional financial institutions typically excluded (Kurmanalieva et al., 2003).

The microfinance foundation has existed in different sectors worldwide in its traditional form. However, modern microfinance came after the 1900s. It's difficult to pinpoint the specific year, timeframe, and location when microfinance began. Microfinance was created by the World's poor, but researchers only discovered it after the 1960s (Athanase, 2011).

According to Sen and Batliwala (2000), People's capability, particularly the least privileged, is defined as empowerment. They described two elements of empowerment related to one another: first, having access to adequate resources that empower them to enhance their income and acquire goods and services they require, and second, attending to the development process and decisions that affect them. Therefore, according to Kabeer (1998), women's empowerment is gaining the capability to make purposeful life decisions that are generally restricted by poverty and societal or religious standards.

In the context of Afghanistan, the history of banking became spoiled during the last decades of conflict that resulted in the collapse of the country's institutional financial sector. Therefore, the socio-economic restriction and the country's infrastructure destroyed the economy in the region. Besides, its policy-making institutions, education system, and infrastructure have been ravaged by three decades of war. Moreover, reconstruction of these

structures and catch-up with a globalized world may take an extended period, and the performance and capacity levels are low. The country is away from sustaining a favorable environment for many development activities to expand organically.

Moreover, the banking sector in Afghanistan was just operational when the war ended, and official economic activity was limited. Without functional commercial banks, the country relied on the traditional *(Hawala)* money transfer system, the only effective functional payment system, and the informal credit market to meet liquidity demands. The fall of the Taliban regime in late 2001 and the founding of a representatively elected government significantly changed the financial sectors in Afghanistan. In 2002, the government passed new financial sector legislation to strengthen Da Afghanistan Bank's (DABmonetary)'s control and banking supervision functions and to build a commercial banking sector (Hussein, 2009).

In 2003, Afghanistan persisted under an interim government, and insurgents were held back by the intervention of a substantial number of international forces. However, the economy has been in a state of decline. Millions of Afghans didn't have daily jobs, and millions more poured back from overseas ready to shed their refugee status and regain their homes to help their families. Afghans required income-generating livelihoods. Therefore, the development of employment and private industry prioritized reconstruction, which was among the building blocks of a national economy. Moreover, it would not be possible to achieve peace and stability, which have long confounded Afghanistan, with an unemployment frustrated populace. There was an agreement between Afghan leaders and the donor community to establish a microfinance project for Afghans to operate micro-enterprises within the Ministry of Rural Rehabilitation and Development (MRRD) (MISFA,2013).

The Afghan government encouraged the Microfinance Investment Support Facility for Afghanistan (MISFA) to be established in 2003 to get donor collaboration right from the start and avoid the counterproductive efforts resulting from conflicting donor goals in other post-

conflict situations. It was created as a mechanism for the Afghan government and international donors to integrate technical support and funds into the microfinance sector in Afghanistan. Afghanistan Microfinance Association (AMA) is Afghanistan's nationwide Network of development finance institutions (DFIs) founded in 2005 by the Afghanistan Microfinance Investment Support Facility (MISFA), microfinance professionals, and other stakeholders. Furthermore, to build an inclusive, sustainable, and responsible development finance sector through policy advocacy, knowledge management, coordination and networking, and capacity building. (AMA,2021)

Significance of the study

Microfinance is a basic form of financing for the poor and low-income people in developing countries (Nawaz, 2010). Therefore, Afghanistan is a developing country where microfinance has rapidly grown since 2003. Microfinance has improved the customer ‘s income, and many business entrepreneurs have benefited from microfinance.

Microfinance entails providing small-scale loans, savings, and other financial products and services to the rural and urban poor to promote socio-economic empowerment and allow them to generate income and develop their living conditions.

Apart from recognizing the benefits of microfinance for women, empowerment can be implemented effectively in other economically deprived areas, enhancing women's status and contributing to the country's economic progress. It would greatly help the implementing agencies bring about the essential beneficial changes for women's overall empowerment. Although, these features help to persuade more women to participate in microfinance programs.

In the context of Afghanistan, microfinance initiatives are becoming increasingly important in society, emphasizing economic and social growth, and it has grown significantly

over two decades. It helped different people, including women entrepreneurs, professionals, and ordinary people.

Several researchers undertook studies on a research paper and postgraduate level on the empowerment of women through microfinance, challenges faced by MFIs and borrowers, and alleviating poverty. As a result, this study aimed to look at areas that had not previously been explored, and it is significant to the government because it can develop policies to help MFIs and banks. The study outcome would suggest the factors responsible for the excellent performance of MFIs formed by the government, banks, and NGOs. Furthermore, the significance of the study assists MFIs in paying greater attention to their consumers and expanding their operations into rural areas.

The study would also emphasize the importance of MFIs and government involvement in microfinance. This study's results would provide significant input for the planner's policymakers and non-governmental organizations to empower women. The findings are also valuable for MFIs/Banks because they can use the recommendations to solve internal issues. The conclusions of the literature can provide value to the current literature. To summarize, the study is essential to the government, MFIs, banks, and academia

Research Questions

1. What is the impact of microfinance on women's empowerment in terms of economic and social empowerment?
2. What are the challenges faced by MFIs in Afghanistan?
3. What problems do women borrowers face while availing of loans from MFIs?
4. Do the women borrowers satisfied with MFIs services?
5. What is the role of microfinance on women empowerment in Afghanistan?

Objectives of the Study

After discussing the conceptual definitions related to this research, the researcher presented this research's main objectives. The main objectives of the research are as follows:

1. To study the different services offered by MFIs / Banks in Afghanistan's financial market.
2. To study the impact of microfinance on women's empowerment in terms of Economic and Social Empowerment.
3. To analyze the problems and challenges of MFIs in Afghanistan
4. To study the problems and challenges women borrowers face in availing loans from MFIs.
5. To study the satisfaction of women microfinance borrowers in Afghanistan
6. To study the role of microfinance on Women's Empowerment in Afghanistan

Research Hypothesis

This study examined the effect of microfinance on women empowerment in Afghanistan and tested the following hypothesis to study the effect of microfinance on women empowerment.

$H_{0:}$ There is no impact of microfinance on women borrowers' income after availed a loan

$H_{1:}$ There is an impact of microfinance on women borrowers' income after availed loan

$H_{0:}$ There is no significant association between the demographic variable and MFIs services utilization

H_2: There is a significant association between the demographic variable and MFIs service utilization.

H_0: There is no significant difference in women ‘s economic empowerment after using MFIs services.

H_3: There is a significant difference in women's economic empowerment after using MFI services.

H_0: There is no association between the demographical variable and economic empowerment after using MFIs services.

H_4: There is an association between the demographical variable and economic empowerment after using MFIs services.

H_0: There is no significant difference in women‘s social empowerment after using MFI services.

H_5: There is a significant difference in women's social empowerment after using MFI services.

H_0: There is no association between the demographical variable and social empowerment after using MFI services.

H_6: There is an association between the demographical variable and social empowerment after using MFIs services

H_0: There is no significant correlation between economic and social Empowerment

H_7: There is a significant correlation between economic and social empowerment.

H_0: There is no significant satisfaction among women borrowers using microfinance services.

H_8: There is a significant satisfaction among women borrowers using microfinance services.

H_0: There is no significant association between the demographical variable and women ‘s satisfaction with microfinance services.

H_9: There is a significant association between the demographical variable and women's satisfaction with microfinance services.

H_0: There is no significant correlation between women ‘s satisfaction with MFIs.

H_{10}: There is a significant correlation between women ‘s satisfaction with MFIs.

H_o: There is no significant association between demographical variables and challenges Faced by Women in Availing Loans from MFIs.

H_{11}: There is a significant association between demographical variables and challenges faced by women in availing loans from MFIs.

H_o: There is no significant role of microfinance in Afghanistan

H_{12}: There is a significant role of microfinance in Afghanistan

Scope of the study

This study observes the impact of microfinance on women's empowerment in Afghanistan from 2017 to 2022. It covered only three provinces, Kabul, Bamyan, and Bhaglan. And the study to examine the impact of MFIs on women's empowerment. This study used primary information collected from the borrowers and employees of MFIs.

Literature Review

A literature review is a systematic overview of previous research on a subject that enhances the researcher and helps us understand the gaps in further study. A series of studies are being performed on empowerment and microfinance for women. Since the present research examines microfinance and empowerment for women, an effort is being made to evaluate the available literature to obtain greater insight into the topic. An adequate attempt is being made to learn and understand the earlier work on MFIs and microfinance on women empowerment related to urban and rural women's problems in Afghanistan. It encouraged the finding and execution of this work in a field that was not adequately discussed. The literature analysis highlighted the need for research on empowerment, which significantly varies from other empowerment techniques for women in the past. This research illustrates the impact of various

forms of women empowerment approaches implemented by the study area's microfinance. In this chapter, the researcher makes an effort to review past studies on this topic. Within a sequential manner, the same is presented. The researcher's conclusions cover a period of about two decades ranging from 1998 to 2018.

Microfinance

Jumper (2009) analyzed Afghan microenterprise programs and assessed their effect on Afghanistan's financial, economic, social safety, and legal issues. He stated Afghans had initiated a range of microenterprise programs based loosely on the Grameen Bank design since 2001, allowing small loans to women's home-based business communes. Further, he pointed out that economic development and the growth of local businesses give rise to developing a tax base on which a government can promote itself and not depend on donor governments and agencies ' suffering

Satish (2005) Studied the essential characteristics of microfinance in the current banking sector in India. He stated that this mechanism removed the need to create a new institutional framework or implement a different legal and regulatory system. He found the challenges of governing and supervising microfinance institutions (MFIs), linking MFIs to community funds, and depending on investor and grant funding are prevented. Furthermore, he observed that this design often embraces the intractable collateral compensation problem by the weak, with the community serving as a collateral replacement

Sinha (2005) examined the Microfinance contribution and usage in India. She stated that the evidence from a National Analysis of microfinance revealed that it contributes significantly to the poor's savings and loans. Also, she noted that the SHG model is exemplary in offering an internal community credit system dependent on savings to meet families' needs. However, The study showed no reason to think that microfinance has given poor people a viable alternative.

Further, she concluded that it has not significantly affected the unstructured credit providers' terms and conditions.

Echavez et al. (2012) studied women's participation in Micorifnance programs in the Balkh province of Afghanistan, and they collected data based on Focus Group Discussions (FGDs). They stated that MFI is part of a combination of essentials, including social background, sensitivity to immigration, education level, and demographics of individuals and households. Further, they found that Microfinance programs played a significant role in allowing their female customers to assess the MFI's loan program's recent success. They also found that they usually considered the idea that female workers earn a wage in society. Also, the participation of workforce participation was viewed by both male and female community members as crucial to maintaining that families will achieve ends.

Microfinance and Women Empowerment

Mayoux (2000) specified the problems in the gender mainstreaming discussion, and she used secondary data. She stated that the study argues that equality for women has to be an essential part of policies, and empowerment cannot necessarily result in microfinance projects, whether targeted at financial prosperity or reducing poverty. Also, she stated that creativity is required for the implementation conditions for micro-finance. She found that there is still a shortage of cost-effective ways to integrate microfinance with other entrepreneurship initiatives, including community growth and supportive resources. Furthermore, she concluded. If empowerment is an integral part of the planning cycle, it is problematic that microfinance's fast growth can allow more than a tiny commitment to empowerment.

Mahmud (2003) researched the impact of microfinance on female Empowerment in Bangladesh. The result found that microfinance has only a small effect on improving females' assets, while there is a significant impact on females' capacity to participate in family processes.

Finally, he found that membership in MFIs services improves females' wellbeing and decreases men's bias in families' welfare.

Izugbara (2004) described the insufficiency of the microfinance loan system to assist the feasible female empowerment. The author stated that Nigeria's microfinance lending schemes only helped women's earnings and not their ability to fight and prevail against new difficulties that interfere with the accessibility of females' earnings, controls, and facilities in the community from traditionally established constraints. Although the authors found that Nigeria's microfinance system has only helped female borrowers gain access to financial services, he mentioned it had not helped females with critical problems such as gender inequality and cultural issues.

Holvoet (2005) examined the impacts of microfinance programs on women's empowerment in a south Indian family using primary data. She stated that some assessment is positive about microfinance programs to empower women. Further, others expressed that microfinance supports current gender imbalances. Moreover, the author explored the reputation of the borrowers' gender and the loaning technology for family members' decision-making processes. She found that loans were directly taken from the bank. It does not bring any problems in decision making, whether men or women received the loan. Moreover, she found These findings change when the loan is mutual with financial and social group intermediation. Women's group involvement significantly impacts decision-making patterns since norm-guided behavior and male decision-making to more joint and female decision-making.

Microfinance on Income Generation

Mayoux (1998) illustrated the results of a pilot project financed and conducted workshops in Ethiopia, India, and Ghana by the British Government's Department of International Development's (DFID) Small Business Development Fund (for-merely ODA)

and Coordinated by Action Aid U.K. and collected data from prior research studies on microfinance and females empowerment. She found that many females certainly benefit from this program. Furthermore, she found that women can improve their earnings without significant support facilities in dynamic business contexts. However, she found that women who are already less vulnerable can use microfinance in their communities and families for their own needs and enhance their social wellbeing. Finally, she concluded that small increases in income and microfinance schemes have increased family tension as men withheld their workers' earnings.

Khan (1999) examined women involved in wage employment, obtained gains from the loan, and used quantitative and qualitative evidence for their study in Bangladesh. He stated that women have income control since they earn from wage jobs. It also indicated that wage labor contributes to social and economic prosperity advancement. Nevertheless, he found that females were financially independent and that wage jobs enabled them to reach immediate needs (such as earning a homelessness-ridden household income) and improved their life quality. While he observed that others were utilizing 50 percent of women's loans because of different time constraints and lack of economic opportunity, he eventually proposed developing more employment opportunities for women. These would help foster economic and social empowerment.

Greeley and Chaturvedi (2007) assessed the effect of microfinance in Afghanistan. They noted the evidence available to help the significant micro-finance capacity empower women, especially in programs aimed at female entrepreneurs, to agree on using loans and engaging in income-earning activities. Furthermore, they present the evidence that microcredit will affect women's and men's independence and poverty alleviation. They found that women have significantly benefitted from the microcredit program and have enhanced their

socioeconomic status. Moreover, Their outcome is proven right in other parts of the World, especially in South Asia, for microfinance programs.

Social and Economic Empowerment

Cheston and Kuhn (2002**)** Opined that microfinance could significantly impact women's Empowerment in India. They noted that microfinance is not always empowering as an outcome. Many women experience any form of empowerment. They point out that improving women's social foundation and their contribution to the economy to their communities and families plays a vital role in empowering them. However, they concluded that girls are more relevant in services and product development because females have limited access to loans by default and experience particular gender-specific restrictions.

Leach and Sitaram (2002) examined the impact of microfinance on India's silk women worker's industry. They stated that the microfinance programs affect their social and economic empowerment and identify the negative effects of excluding men relations from any significant role. Further, they proposed making the campaign more accessible to people while still empowering females. Moreover, they agreed that even though the men's opposition to the project had been resolved, it was doubtful that the female micro-enterprises would have been commercially achievable.

Montgomery (2005**)** explored whether the bank also affects a social and economic measure of poverty, including poor women empowerment or income-generating operating by the family, and used primary data from over 2,000 urban and rural families across Pakistan. Further, he found that participation in this program significantly impacted both the economic and social factors of wellbeing and income-generating activities, particularly for the impoverished segment.

Milgram (2005) conducted a study to analyze the implemented microfinance program in the Philippines. She found that improved access to loans, the program's initial focus, does

not transform the economic and social facilities within which women work and live. Therefore, she lacks organizational claims to empower recipients and enhance their quality of life. She indicated that the degree to which microfinance implements progressive interventions to meet the real women's needs relies on how projects embrace social change agendas beyond credit and encourage individual political activism and joint action.

Challenges of Microfinance

MFIs not only have achievements, but many challenges occur in their development. According to Rhyne and Otero (2006), microfinance has had rapid growth in customers and outstanding loans over the last few years, and the result is still not bright. According to Muhammad (2010), concentrating on the challenges and prospects facing the microfinance Institutions in Pakistan, the author found that various challenges lie ahead for the microfinance organizations, such as inappropriate regulation, increased competition, creative and diversified products, profitability, stability, weak management capacity of MFIs. On the other side, the significant rise in poverty in Pakistan and other advantages paves the way for this industry's development. It provides a vast market opportunity for microfinance. Therefore, he states that this industry offers a broad range of opportunities: stimulating economic growth, empowering women, growing volume, availability and outreach, and economies of Scope.

Campion (2002), in October 2001, a World Bank multimedia distance learning initiative delivered this paper to people in Vietnam, Indonesia, Singapore, and the Philippines. They pointed out some challenges of microfinance commercialization. Further, they found some microfinance challenges like unsuitable donor grants, lack of rules and regulations, and monitoring. Moreover, they concluded that Microfinance Institutions are limited management capability.

Asiama and Osei (2007) examined the challenges of microfinance sectors in Ghana. They stated that the main problem in the microfinance sub-sector is hiring a qualified and adequate

workforce. Further, they found that Microfinance organizations face human resources issues such as a scarcity of training facilities and inadequate working conditions. Many of these institutions' poor results, inefficiency, and high levels of frauds and forgeries reflect the quality of their resources. Also, they observed that institutions have a high labor turnover rate, which suggests a lack of employee motivation and weak employee relationships.

Irobi (2008) studied microfinance and poverty alleviation in Nigeria. The author found the main challenges of Microfinance Institutions are communication gaps and lack of awareness, lack of government assistance; lack of donor financing; inattention to the financial stability of MFIs; lack of fair lending or equity resources to expand loan-able funds; high turnover of MFI staff; lack of standardization of monitoring and performance management systems.

Woldie et al. (2012) conducted a study on access to challenges in microfinance by SMEs in Tanzania. The authors used primary and secondary data for their research analysis. They stated that due to higher transaction costs, a shortage of collateral, and insufficient ability to design and manage bankable schemes, the financial sector has struggled to effectively expand microfinance services to SMEs. Further, according to the facts obtained, the study concludes that in cases where failure risk is high, borrowers must take out microinsurance as collateral.

Research Gap

Although a few research studies have been conducted in key and central Afghanistan provinces (Kabul, Bamyan, Herat, Mazar, and Parwan) and other parts of the World, microfinance is still developing. Various studies show an increase in the positive impact of microfinance on women's empowerment and the socio-economic status of members of MFIs. The number of studies on MFIs conducted in Afghanistan is scarce, and no doctoral research was conducted in Afghanistan. Most of these studies only covered one aspect of the issue

related to microfinance's impact on women's empowerment, such as fund control, institutional reforms, or operational elements.

Very few comprehensive studies are found in the literature covering the full dimensions of this issue. Also, very few studies on the impact of microfinance on women's empowerment in Afghanistan came across the researcher. The present study is much more comprehensive and covers a larger dimension of the issue, including economic empowerment, decision-making, income generation, saving, living standards, children's education, and other aspects of microfinance on women empowerment. Furthermore, these studies' importance becomes more contextual, given that very few studies have focused directly on women using microfinance. Most of these studies indirectly draw inputs from government MFIs and international NGOs, which are involved in providing microfinance to women in Afghanistan. The research gap becomes apparent because only a few rare studies have focused directly on women using microfinance in Afghanistan.

Research Methodology

Both primary and secondary data are employed in this research study. The primary data was collected from MFIs / Bank staff and women borrowers of MFIs. Bank publications, AMA (Afghan Microfinance Association) reports, MISFA (Microfinance Support Investment for Afghanistan) reports, and MFIs reports were used to compile secondary data. Data was also gathered from published reports, articles/papers, and associated websites. The primary and secondary data have been collected to cover every aspect of the study. The primary data are related to the role of microfinance in Afghanistan, the Problem and Challenges of Microfinance in Afghanistan, and the Impact of Microfinance on women's empowerment in terms of Economic Empowerment and Social Empowerment.

The author used exploratory, descriptive, and explanatory research designs to accomplish the research objectives. After identifying a particular research design, the

researcher may select deductive and inductive approaches. It is a deductive approach where the research begins with a theory commonly formed from reading academic papers.

The primary research approach for gathering data in this study is a survey method. In most cases, the survey strategy is based on a deductive approach. In business and management, it's a typical and effective technique for dealing with what, how, where, and how many. As a result, it looks to be applicable in exploratory and descriptive research. Questionnaire-based survey tactics are prevalent because they provide a cost-effective approach to collecting data from a broad population (Saunders, Thornhill & Lewis, 2016).

In the present research, the researcher prepared two structured questionnaires containing quantitative and qualitative questions to collect data for the descriptive and inferential analysis. Due to the low level of the respondent's education, the researcher prepared a structured questionnaire rather than face-to-face communication or a verbal questionnaire for the survey method.

Two different structured questionnaires for women borrowers and staff of MFIs were prepared based on the variable reviewed in the literature. The questionnaire was made in English and then translated into the Persian (Dari) language (one of Afghanistan's official languages) for women borrowers due to their low level of education. The google form was made for staff of MFIs.

The structured questionnaire for women borrowers contains five sections with dichotomous close-ended, multiple-choice closed-ended, and Liker scale questions. And the structured questionnaire for MFIs staff was the second, with six sections.

Population and Sample Size

The researcher approached the women borrowers of MFIs in three provinces (Kabul, Baghlan, and Bamyan) of Afghanistan living in rural and urban areas to collect information. The total borrowers, including men and women of the three provinces, were 61,334 as of 31-

12-2019. According to the Microview 27 report of the Afghanistan Microfinance Association, in December 2019, 37% of total borrowers were women. The total population of women was 22,694, and the sample size was calculated as 393 women borrowers. The total population of MFIs staff was 2,670. The researcher selected 124 staff from three different provinces of Afghanistan. The respondents were the CEO, CFO, Regional Director, Manager, Branch Manager, Senior Loan Officer, Deputy Branch Manager, and Loan Officer. They had significant knowledge and information with good experience in Microfinance in Afghanistan. The researcher used Slovin's (1960) formula for the large known population, with a 5% significance level, to determine the sample size for women borrowers.

$n = N/ (1+N*e^2)$

Where:

n = sample size, N = Population size, and e = significance level.

Taking the significance level of 5%, the minimum sample size was calculated as follows:

Population = 22,694

Significant level estimated = 5%

$n = 22694/ (1+22694*0.05^2)$

$= 22694/57.07$

n= 393

Whereas many studies have chosen various sampling sizes, this study's sample size is based on Slovin's (1960) formula and several previous pieces of research on this subject, including Holvoet (2005, N=300), Garikipati (2008, N=291), McIntosh (2008, N = 380), and Tedeschi (2008, N=393). The sample size of three provinces is 393.

Data Processing and Statistical Tools

After the data was collected from two respondents, women borrowers and MFIs staff, the data was cleaned, edited, coded, and entered in the Statistical Package for the Social Science (SPSS) software version 25 to present descriptive and inferential statistical analysis. Data analysis is described by Corbin et al. (2014) and Zikmund (2013) as the processing of particular measures and the search for patterns of connections among data groups. Data processing and analysis are required to verify that all relevant data is gathered for planned comparisons and analyses (Mugenda, 2003).

Descriptive statistics such as percentages, frequency, and tables have been applied to analyze the study respondents' demographic information. The descriptive analysis uses quantitative outcomes summaries to understand better the features and descriptions of the variables under the study. Besides, inferential statistics such as the multivariate statistical approach are employed to diagnose various dimensions of women empowerment after joining MFIs. Consequently, the Wilcoxon Signed Rank Test was used for women's economic and social empowerment to compare their empowerment before and after joining the MFIs. Also, the researcher assessed the association of demographical variables with economic empowerment – after availed loan. Although, MANOVA was used to identify significant differences between groups on the composite dependent variable and delivered univariate findings for each dependent variable independently. Correlation analysis examines the data to determine whether two or more quantifiable variables are related. The correlation coefficient expresses the association's size and direction (Cohen et al., 2013).

Further, mean, percentage, and standard deviation are used to analyze challenges and problems women borrowers face. Later, Principal Component Analysis is conducted to identify the main challenges and problems of women borrowers and MFIs. A dimensionality reduction approach called principal component analysis is widely used to reduce the dimensionality of

large data sets. The link between two categorical variables is also examined via nonparametric tests like the Chi-square test for independence. These variables could have two or more categories (Pallant, 2020).

When the chi-square test's assumptions are violated, Fisher's exact test is applied to determine the relationship between two categorical variables. A multivariate statistical method for examining structural relationships is structural equation modeling (SEM). The structural link between measured variables and latent constructs is analyzed using this technique, which combines component analysis and multiple regression analysis. The researcher prefers this method to estimate various interconnected dependencies in a single study.

Chapters Scheme

This research includes seven chapters which are described briefly below:

Chapter 1: **Introduction:** This chapter will concentrate on the Introduction of the research, the significance of the study, research problem, objectives, research questions, Hypothesis, Population and sample size, Data processing and statistical tools, Scope of the study, limitations, and chapter scheme.

Chapter 2: **Literature Review:** This chapter consists of a review of articles published in academic journals, conference proceedings, technical reports, books, and other sources of information related to microfinance and women empowerment, as well as the Research Gap.

Chapter 3: Research Methodology: This chapter includes the Research Design, Research approach, Research strategy, Reliability and Validity, Pilot testing, Sampling technique, population and sample size, Source of data, Data Processing, and statistical tools.

Chapter 4: **Background of MFIs in Afghanistan and Therorital Framework**

Chapter 5: **Impact of Microfinance on women empowerment:** This chapter includes Techniques of Analysis, a Summary of Data analysis of women borrowers' socio-economic

empowerment, satisfaction assessment, problems and challenges faced by them, and Hypothesis testing; for analysis of the data collected, the present study will carry out with the support of statistical tools like percentage, chi-square test, Fisher Exact Test, MANOVA, Wilcoxon Signed Rank Test, with the use of SPSS 25 to analyze the data and to arrive at a conclusion.

Chapter 6: Role and Challenges of MFIs in Afghanistan: This chapter will include Techniques of Analysis and Summary of Data analysis of MFIs staff role, problems, and challenges of MFIs. The present study will carry out with the help of statistical tools like mean, standard deviation, Principle Component Analysis, and SEM with the use of SPSS 25 to analyze the data and to arrive at a conclusion.

Chapter 7: Conclusion and Recommendations: This chapter deals with a brief Introduction, Summary, Findings of the Study, Implications of the Study, Scope for Future Study, and Conclusion.

Findings of the Study

1. Around 40.7% of women borrowers are between the ages of 31-40, and 41.2% of women borrowers are 20-30 years old.
2. The majority of 75.1% of the women borrowers were married, and 39.4% were illiterate. Also, 32.8% of borrowers worked in the handicraft field.
3. Most of the MFIs women borrowers (96.2%) belonged to the urban area in Afghanistan
4. Around 41.2% of the women borrowers were aged 20-30, and 75.1% were married.
5. Around 39.4% of the women borrowers were illiterate, and 32.8% worked in the handicraft field.
6. Around 51.4% of the women borrowers lived in a joint family, and 63.10% of their head families were their husbands.

7. The majority of women borrowers (60.8%) started a small business after availing of loans from MFIs, and 56.5% used MFIs services for 1-2 years.
8. Around 36.40% of the women borrowers were self-motivated to avail of loans from MFIs, and the majority of the borrowers (98.20%), opined that MFIs staff explained the terms and conditions of the loan.
9. The majority of the women borrowers (70%) agreed with the FMIs feedback mechanism system, and 77% agreed with MFIs staff to address their complaints and suggestions.
10. The research found that 90.30% of the respondents pay the loan on time, and 57.30% of the MFIs clients save their money for asset building.
11. Most MFIs employees (87.1%) lived in urban areas, and 76.6% of staff were male.
12. Around 32.30% of the employees were between the ages of 31-35, and 69.40% had bachelor's degrees.
13. Around 53.2% of the staff shared their opinion that above 30% of women borrowers are involved in microfinance programs, and the majority of staff (86.3%) of the MFIs shared that women borrowers avail loans for small business purposes.
14. Around 66.90% of the staff shared that women borrowers benefited excellently by utilizing microfinance services. Although, 76.6% of the staff reported that loans are provided based on the borrower's income.
15. Around 71.8% of the staff stated that the primary objective of lending to women borrowers is to decrease poverty. And 69.9% of the staff indicated that MFIs offer Islamic and conventional loans. Besides that, 75% of the staff stated that MFIs always require collateral securities.
16. Around 65.30% challenge that MFIs face in lending loans to their borrowers is the restriction from their husbands. And 82.3% of the team never faced bribes from

customers. Also, 89.5% of the respondents said MFIs take action against women borrowers' defaulters.

17. The results of the Fisher Exact Test found that there is a significant relationship between MFIs Service Utilization and Demographic Variables, such as higher age group, number of family members, and number of children
18. The finding also indicated a significant relationship between the monthly income, number of earners, and the MFIs services.
19. The economic empowerment of women borrowers was low before joining MFIs and changed statistically high after joined to MFIs. (2.24, ± 0.69 before MFIs and 3.95, ± 0.47) after MFIs, which is statistically significant with p=0.000, Descriptive and Wilcoxon Signed Rank Test)
20. Most respondents who live in a nuclear family have a high association with economic empowerment compared to those who live in a joint family (Descriptive and MANOVA).
21. The social empowerment of women borrowers was low before joining to MFIs. It changed statistically high after joining MFIs, (2.42, ± 0.63 before MFIs and 3.71, ± 0.46 after MFIs, p=0.000, Descriptive and Wilcoxon Signed Rank Test).
22. Only two demographical variables out of six variables, family type and geographical background, are significantly associated with social empowerment,
23. There is a significant correlation between economic and social empowerment.
24. Women borrowers were significantly satisfied with the MFIs services (overall mean score for the satisfaction assessment was 3.73, ± 0.53), and marital status has a significant association with satisfaction
25. There is no significant correlation between satisfaction and economic empowerment. However, there is a correlation between satisfaction and social empowerment.

26. Descriptive and Principal Component Analysis identified four challenges in Availing Loans from MFIs, viz., Regional Issues, Cultural Issues, Technological Issues, lack of control
27. There is a significant association with the challenges faced by women; In the education variable categories, most of the respondents who passed secondary school have faced problems.
28. Microfinance played a substantial role in Afghanistan's women's empowerment. (mean score for the Role of Microfinance in Afghanistan was 4, ± 0.5, with a single t-test of t = 11.87, p=0.000)
29. The Factor Components Analysis identified four different factors, and each part defined and included various components. The analysis explains economic empowerment, the second factor determines capacity empowering, the third factor shows poverty alleviation, and the fourth component describes the financial saving sources.
30. The study found that the overall average administrative concerns and challenges score was 2.9, ± 0.9. It revealed that Afghanistan MFIs' has moderate administrative concerns and problems.
31. We found overall, the mean score for Microfinance lending concerns was 2.7, ± 0.6. It revealed that lending concerns in Microfinance Afghanistan were mild.
32. The study found that the overall mean score for Capital and Funding issues and problems was 2.5, ± 2.4, indicating mild issues concerning capital and funding in Afghanistan's MFIs.
33. The study found that the overall mean score for the issue statement on training and capacity building was 2.6, ± 0.7. The findings revealed modest challenges with training and capacity building in MFIs.

34. The study found that the overall statement of Lack of government assistance for MFIs received a mean score of 2.5, ± 0.7. The findings revealed a moderate lack of government support for microfinance intuitions' challenges and issues.
35. MFIs Challenges identified by the Principal Component Analysis are Management Issues, Administrative Issues, Loan Procedure Issues, Lack of Technology, Lack of government support, High-interest rate, Security issue, lack of Promoting, and political instability
36. Our SEM analysis shows that all model fit indices are acceptable. The model clearly shows that MFIs utilization has a significant impact on economic empowerment (B = 0.94, p=0.000) and social license (B = B 0.62, p= 0.000). Further, economic empowerment has significant relation to satisfaction (B = 0.75, p=0.000) whereas, social empowerment has no significant relation with satisfaction through MFIs, (B = 0.020, p=0.731).

Recommendation

- Since 32.8 % of women customers work in the handicraft sector, 24.4 % work in the weaving industry. Furthermore, 8.9% of respondents own a small business. Therefore, paying greater attention to these business fields will be highly important for women's empowerment.
- MFIs should organize awareness programs that attract educated women to get involved in Microfinance programs as the education level of women borrowers in Afghanistan is very low.
- MFIs and other regulators should take steps to overcome women borrowers' challenges while availing of loans from MFIs. Moreover, the MFIs pay more consideration to women borrowers to decrease their challenges and problems.

- Microfinance positively influenced their lives after entering MFIs. Therefore, the MFIs pay more attention to covering more provinces and bringing some positive changes in their life.
- The main problems are regional issues, including a Lack of MFIs branches in remote areas, a low level of borrowers' education, and the government not promoting MFIs in remote areas. Therefore, the government and international donors pay more attention to these issues, and women who live in rural areas could also approach loan facilities.
- Therefore, the MFIs should collaborate well with the Islamic (Alluma) community, the Ministry of Justice, Ministry of Haj to resolve cultural and religious beliefs prohibited in Islam issues and encourage women borrowers to utilize the services of MFIs.
- MFIs should devise a mechanism to offer unsecured loans as the poor people, especially in Afghanistan, cannot provide collateral security for the loan.
- The problems and challenges of MFIs in Afghanistan are low level of management skills in MFIs, Lack of weak commitment of staff, Lack of staff legal awareness, Lack of level of staff education, and Lack of cooperation, coordination, and teamwork among staff.
- MFIs pay more attention to resolving problems in terms of administrative issues, including the lack of funds to conduct a training program for staff, unhealthy competition among MFIs, lack of support from the government to promote the MFIs, a lack of feedback mechanism, and the main problems rules and regulation of collateral securities that discourage women to avail loan.
- According to the result, the MFIs faced some other problems and no specific policy and regulation by the government, and borrowers were not satisfied with the high-interest rate. The security problems and instability of political status discouraged the investors/donors from raising their capital. Also, the security problems brought a crisis

that MFIs to promote their operation in rural areas. Therefore, the MFIs pay more attention to working with governments to address these problems.

Conclusion

The present study examined the impact of microfinance on women's empowerment in Afghanistan's selected provinces, Kabul, Baghlan, and Bamyan. The main objective was to see how microfinance influences women's empowerment in Afghanistan. Aside from looking into the problems and challenges these MFIs and women borrowers encountered in Afghanistan. As a result, the researcher conducted an impact assessment of women's economic and social empowerment through microfinance. Our sample consists of 393 women borrowers of MFIs and 124 MFI employees. The results showed that after taking out a loan from MFIs, the economic status of women had significantly improved. The women borrowers' approach to personal income, access to credit, saving encouragement, ability to support family, business growth, women's control over resources, and employment opportunities improved.

Furthermore, we noticed a significant improvement in the social position of women borrowers after borrowing loans from MFIs. They also improved general equality in society, home decisions, social responsibility, self-confidence, family decision-making, awareness of women's legal rights in Afghanistan, and family relationships. Moreover, the study discovered that the majority of female borrowers are satisfied with the microfinance services provided to them. Regional issues, cultural issues, technological issues, and control issues are the common problems faced by women borrowers. Additionally, the findings revealed that management concerns, administrative problems, loan procedure issues, Lack of government backing, high-interest rates, security issues, and political instability are the most significant hurdles that MFIs experienced. Women borrowers' economic and social empowerment was low before joining MFIs and changed statistically high after joining MFIs.

Further, we observe that borrowers from nuclear families have a high association with economic empowerment compared to those who live in a joint family. The findings show that microfinance is essential for socioeconomic development and contributes to poverty reduction. It provides financial services to small and medium-sized businesses and financial services to the needy, and MFIs provide job possibilities for women. The role of MFIs may change due to changes in administration and can concentrate on empowering the rural poor to eradicate poverty. The present government should also support MFIs activities to improve Afghanistan's overall economic development.

Limitation

The main limitation of this study, as faced by the researcher, are being elaborated on in this section:

Sample size: This study was conducted on the Urban and rural women of three provinces of Afghanistan. It was sometimes challenging to collect the data from many respondents as very few rural women avail of microfinance. Loan taker female respondents are limited in every village, so this study could only be conducted on 393 women from three provinces.

Area: This study's data collection was restricted to three provinces, which does not accurately reflect the country's actual situation about the study's main theme.

Educational level: The researcher found that the respondent's education level is not as good as expected. Most respondents are either undergraduate or just literate. Therefore, it was too difficult to understand technical terms: like capital, income, and MFIs.

Peculiar nature of respondents: The respondents of this study were women who lived in the village. They are generally shy and avoid responses. However, the researcher will take the help of some women who could handle this problem to a great extent.

Time and Money: Time and money are the most significant research constraints. The sample size of the research has to be reasonable. A large sample size requires a large amount of money and more time.

Scope for Further Researchs

The current study provides the path for future research in various areas. The researcher searched through decades of literature and discovered that there had been little research on microfinance and women's empowerment in Afghanistan. As a result, microfinance has grown speedily and already covers 34 provinces in Afghanistan. However, additional research needs to be done in different provinces with big sample size, particularly on women's empowerment.

- This study focuses on economic and social empowerment, and future studies can consider other factors.
- This research may be extended to other provinces of Afghanistan as it covers only three provinces.
- A study on the Role of MFIs in the development of MSME in Afghanistan, including both genders, can be undertaken.
- Further, the role of MFIs in women's empowerment pre- and post-Taliban rule may be considered for future study.

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